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Trade Policy Monitoring

Market Access following WTO Accession 2001

Approved by:

Jonathan Gressel

American Institute in Taiwan

Prepared by:

Rosemary Kao/J Miller/CM Perng

Report Highlights:

Taiwan's accession to the World Trade Organization on January 1, 2002 will greatly increase access to what is already the United States' fifth largest agricultural market. Post reports the details of the various market access mechanisms, including TRQ's, the rice MMA quota, and the termination of area restrictions and other import bans and controls. The impact of sanitary/phytosanitary concerns on access of competitor countries to the market is discussed. Taiwan's future agricultural trade relationship with the People's Republic of China is also explored.

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Executive Summary

In 2000, Taiwan was the United States' fifth largest agricultural market with over \$2 billion in exports. Taiwan will accede to the World Trade Organization on January 1, 2002 under the nomenclature of Chinese Taipei (officially, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu). WTO membership offers Taiwan its first opportunity in over 20 years to play an active role in a major international organization. However, much like other industrialized Asian economies with a politically sensitive farm sector, Taiwan can be expected to present problems in terms of compliance with its agriculture-related WTO commitments. For example, Taiwan attempted to delay implementation of the various agricultural and fishery tariff rate quotas until March 2002, long after their January 1 accession date. Strong pressure from the United States and other contracting parties motivated Taiwan authorities to implement all TRQ's by no later than January 7, 2002.

Upon its WTO accession, in addition to wide-ranging tariff reductions, Taiwan will open its market for commodities which are currently prohibited entry or under strict import controls. The WTO-driven trade liberalization prompts increased market opportunities for imported agricultural and fishery products. However, for U.S. suppliers, WTO accession also presents increased competition as previous "area restrictions" on access by third countries are removed. To a certain extent, near-term competition from third countries, especially the People's Republic of China (PRC), will be limited by various sanitary/phytosanitary restrictions. Further complicating the picture of Taiwan-PRC trade is the lack of direct trade and transportation links as well as a lack of official contacts between their quarantine services.

Tariff Reductions and Import Liberalization

The average nominal tariff rate on agricultural products will be lowered from the current 20.02% to 14.01% upon accession. (The 14.01% figure does not take into account rice, products subject to Tariff Rate Quota (TRQ), and products subject to specific import duties.) Staged tariff reductions will be implemented annually until the average nominal tariff rate for agricultural products reaches 12.86% in 2004. This report shows some of the tariff reductions in the various tables and appendices. There is currently no on-line English language source of information on Taiwan's post-accession tariff rates, although the Customs Administration has indicated that by mid-January their website will offer such information. <http://www.docamof.gov.tw/>

There are currently 42 agricultural commodities under import bans or import controls, including area restrictions. Upon WTO accession, 24 commodities will be subject to TRQs (see Table 2) and 17 items will be liberalized (see Appendix 4). In addition, market access for rice will be through a minimum market access quota (see below) based on Annex 5, Section A of the WTO Agreement on Agriculture.

Minimum Market Access for Rice and Products

In its WTO Accession Agreement, Taiwan committed to a minimum market access quota of 144,720 mt on a brown rice basis (equivalent to 127,353 mt on a milled rice basis) in 2002, divided 65 percent (94,068 mt) government trade and 35 percent (50,652 mt) private trade. The Council of Agriculture (COA) will announce implementing regulations for private rice imports on January 1, 2002 with quota applications to begin in March. Government purchases will begin in February. The rice import quotas for 2003 and beyond will be negotiated under the WTO Agreement on Agriculture. The following mechanisms will be used for imports under the rice quota regime:

1. *Private Trade:* Rice quota applications will be divided into several sessions. Each session is for a period of two weeks, and is associated with a decrease of NT\$3/kg in the markup, starting with ceiling NT\$23.26/kg, until the entire quota is allocated on an apply-first, allocate-first basis.
2. *Government Trade:* A bid bond and performance bond will be required according to the Government Procurement Law (Taiwan also plans to sign the WTO Government Procurement Agreement by March). According to the Central Trust of China, bid bonds are normally set at no more than 5 percent of the estimated value of the relevant procurement contract, not to exceed NT\$50 million. Performance bonds are set at no more than 15 percent of the estimated value of the relevant procurement contract. Information on payment terms or procedures are not yet available.

Tariff Rate Quotas

Upon Taiwan's WTO accession, imports of 24 agricultural commodities will be subject to Tariff Rate Quotas (see Table 2 and Appendix 1). Of these, the products of greatest interest to U.S. exporters are pork belly, pork offal, chicken meat, and poultry offal as well as potentially garlic, peanuts, mackerel, carangids, and sardines.

Tariff Rate Quota (TRQ) allocation certificates will serve as automatic import licenses for products imported under the TRQ. The Ministry of Finance (MOF), which is responsible for the TRQ allocation, has entrusted the Central Trust of China (CTC), a public enterprise, to implement the TRQ application and allocation process. Each applicant can only apply for a maximum 20 percent of the total quota. Actual allocations received will likely be significantly less than 20 percent of the total quota because of strong competition for the right to import these lucrative commodities (see Appendix 2 & 3).

Depending on the nature of the products, Taiwan's TRQ administration will be carried out using 3 systems: System 1 - apply-first, allocate-first; System 2 - auction once a year; and System 3 - auction 1 to 4 times per year. Under Systems 1 and 2, goods to be imported using allocation certificates must be contracted by 1 September. Allocation certificates are valid for product arriving between January 1 and September 1. Upon request and proof of a signed contract prior to August 25, Ministry of Finance will automatically extend the validity date of the certificate to cover products arriving on or before December 31. Any un-contracted portion of a given year's quota allocation as of 2 September will be re-claimed by authorities and issued again on a first-come, first-served basis. The date of reissue will be no later than September 15. The re-issued allocations will be valid for products shipped by December 31.

For Year 1 and Year 2 (2002 and 2003), System 1 quota will be allocated on an apply-first, allocate-first basis. If the total amount applied for exceeds the available quota, then the quota will be allocated proportionally. If the number of applicants exceeds the number of total slots in Table 3, a lottery will be conducted to pick the successful bidders, each receiving the minimum allocation amount of the commodity. A refundable performance bond, which MOF indicates is from 6 to 9 percent of total import value (see Table 1), will be required to ensure successful bidders actually import the products. If the importer carries out the import, the performance bond is refunded, if not, the bond is forfeited.

In Year 3 (2004), an applicant will receive a quota allocation at least as large as the average of the amount imported the previous two years by the applicant. Year 1 and 2 imports made by an applicant with quota allocations transferred from other applicants count toward the Year 3 quota allocation of the actual importer.

On December 13, 2001, MOF publicly announced the market access for imports of the 24 agricultural items under TRQ for WTO members which meet Taiwan's quarantine and food inspection requirements. On the same day, CTC also announced an invitation for application/bidding and the TRQ allocation methods for the year 2002. Quota rights for products in System 1, including chicken meat, pork belly, pork offal, poultry offal, deer velvet, oriental pears and banana, are open for application from December 26 to 28, 2001. All importers and exporters registered with Taiwan's Board of Foreign Trade (BOFT) are eligible for the application. The quotas will be allocated and winners of quota rights be announced on January 7, 2002. Quota right certificates will be issued beginning January 8, 2002 after the winners pay the performance bond to CTC.

Table 1 - TRQ System 1 Performance Bonds

TRQ Commodity	Performance Bond	U.S. Dollar Value of Performance Bond 1/
chicken meat	NT\$ 2,000/mt	\$58/mt
pork belly	NT\$ 2,150/mt	\$62/mt
pork offal	NT\$ 2,200/mt	\$64/mt
poultry offal	NT\$ 2,050/mt	\$59/mt
deer velvet	NT\$ 105/kg	\$3/kg
oriental pear	NT\$ 4,100/mt	\$118/mt
banana	NT\$ 1,150/mt	\$33/mt

Note:

1/ Current Exchange rate NT\$34.6 = US\$ 1 in December 2001)

Quotas for the remaining 17 items in Systems 2 and 3 will be open for bidding from December 17, 2001 through January 3, 2002. On January 4, 2002, the tender will be opened and successful bidders will be announced. All importers and exporters registered with Taiwan's Board of Foreign Trade (BOFT) are eligible for the bidding. There is no performance bond for these products. Quota rights go to those who bid at the highest prices.

Table 2. Tariff Rates and Quota Sizes for Agricultural Products under the TRQ Regime

Allocation Methods	Product Name		Tax Rate & Quantity					
			2002		2003		2004	
			Tariff Rate	Qty.	Tariff Rate	Qty.	Tariff Rate	Qty.
System 1 Apply First Allocate First	Pork Belly 1/		15.00%	6160	13.70%	10780	12.50%	15400
	Chicken 1/		25.00%	19163	22.50%	32577	20.00%	45990
	Pork Offals 1/		25.00%	10000	20.00%	18750	15.00%	27500
	Poultry Offals 1/		25.00%	1836	25.00%	2754	25.00%	3672
	Deer Velvet		22.50%	2	22.50%	3	22.50%	5
	Oriental Pears		18.00%	4900	18.00%	7350	18.00%	9800
	Banana		12.50%	5335	12.50%	9337	12.50%	13338
System 2 Auction Once A Year	Red Bean		22.50%	1500	22.50%	2000	22.50%	2500
	Liquid Milk		15.00%	10649	15.00%	15974	15.00%	21298
	Peanut		25.00%	2618	25.00%	3927	25.00%	5235
System 3 Auction 1 to 4 Times per year	Garlic	Garlic Bulbs	0.00%	1844	0.00%	2682	0.00%	3520
		Other Garlic	22.50%		22.50%	0	22.50%	
	Dry Forest Mushroom		25% or NT\$110/kg whichever higher	115	25% or NT\$110/kg whichever higher	202	25% or NT\$110/kg whichever higher	288
	Dried Day Lily		22.50%	40	22.50%	71	22.50%	101
	Coconut		15% or NT\$0.9/kg which ever higher	8000	15% or NT\$0.9/kg which ever higher	9000	15% or NT\$0.9/kg which ever higher	10000
	Betel Nuts		17.50%	4412	17.50%	6618	17.50%	8824
	Pineapple		15.00%	9548	15.00%	16709	15.00%	23870
	Mango		25.00%	5120	25.00%	8938	25.00%	12755
	Shaddock		25.00%	1720	25.00%	3010	25.00%	4300
	Persimmon 2/		25.00%	576	25.00%	1008	25.00%	1440
	Dry Longan		25.00%	110	25.00%	220	25.00%	330
	Sugar 3/	Raw sugar	12.50%	120000	12.50%	162500	12.50%	205000
		Refined sugar	17.50%		17.50%	0	17.50%	
	Mackerel 2/		20% or NT\$6.2/kg whichever higher	4523	20% or NT\$6.2/kg whichever higher	6030	20% or NT\$6.2/kg whichever higher	7538
	Carangid 2/		25.00%	1308	25.00%	2290	25.00%	3271
	Sardine 2/		20% or NT\$38.1/kg whichever higher	1907	20% or NT\$38.1/kg whichever higher	2860	20% or NT\$38.1/kg whichever higher	3813

Notes:

1. After WTO accession, TRQs for Pork Belly, Pork Offal, Chicken Meat and Poultry Offal will be eliminated by January 1, 2005.
2. TRQs for Persimmons, Mackerels, Carangid, and Sardines will be eliminated in the sixth year after WTO accession.
3. Private sector trade for sugar will account for 1% of the annual quota after WTO accession, and increase to 2% in 2004.

Source: Customs Administration, Ministry of Finance

Trade Liberalization and Potential Increased Competition

Imports of 18 agricultural commodities will be fully liberalized upon WTO accession. (See Appendix 4) Some of these products were previously banned and others were subject to country-of origin (area) restrictions. Area restrictions previously allowed unlimited access to the market for many U.S. fruits, like apples, while restricting access from other suppliers. Therefore, in many cases, such trade liberalization will increase competition for the United States on the Taiwan market. On the other hand, sizeable tariff reductions, e.g., from 50 percent to 20 percent on apples, are likely to lower import costs and significantly increase overall import demand.

Taiwan's WTO accession will bring increased market opportunities for imports. However, all WTO members will not automatically receive market access or import approval for their products. Only those plant products which meet Taiwan's quarantine requirements can be imported. For meat products, in addition to quarantine requirements, imports must meet Taiwan's food sanitary regulation and the slaughter system of the supplying country will also need to be reviewed and approved by the Taiwan authorities. The Council of Agriculture has published an analysis of the effect of Taiwan's SPS regulations on potential competition in newly liberalized markets. Post presents the COA analysis for products of interest to the United States in Appendix 5.

Impact of Trade Liberalization on U.S. Fruit Trade

Taiwan is among the top U.S. fresh fruit markets accounting for \$175 million in exports in CY 2000. The area restrictions for many fruits (see Appendix 4 below) will be lifted upon Taiwan's WTO accession on January 1, 2002 ending preferential treatment for U.S. fruit in this market. However, Post believes that U.S. exporters can maintain a certain level of confidence, at least in the first few years following accession, because of their established market presence, as well as phytosanitary restrictions on imports from some key competitors, like China. The Council of Agriculture prepared the following market analysis for several important fruits.

A. Oranges: The United States and South Africa supply the market during the off-season for local oranges (April through September). Potentially serious threat to local growers seen from Thailand, which produces at a season only slightly earlier than Taiwan's at a significantly lower price. (Note: South Africa and Thailand are listed as pest infestation areas in Appendix 5 and are presently barred from exporting oranges to Taiwan).

B. Grapefruit: South African and Australian grapefruit are seen as challengers to U.S. dominance of the market for imported grapefruit varieties. Forecasts see growth in import volumes after WTO and a direct challenge to local growers, despite the lower cost of locally-grown grapefruits. (Note: South Africa as a pest infestation area presently barred from exporting grapefruit to Taiwan).

C. Lemons: Pre-WTO accession area restrictions limited import access to the United States, which in turn found a market mainly in the Hotel/Restaurant/Institutional sector, keeping imports to a very low percentage of market consumption. Post-accession opening is expected to lift import volumes and challenge the current dominance of local growers.

D. Grapes: The U.S. currently supplies the market during Taiwan growers' off-season. New supply challengers from Chile, Australia, and Japan (the former two supply varieties similar to the U.S.) are likely to compete with the United States for import market share. COA expects local growers will be somewhat insulated as they grow varieties which are different from most imported varieties, maintain a high level of produce quality, and are able to deliver the freshest products. (Note: Under Taiwan's current quarantine regulations, the United States, Japan,

and Tasmania are presently approved to import).

E. Peaches: WTO accession will open the market to suppliers beyond Europe and North America. South Korea and Japan are expected to jump into the fray with the result being a slight rise in overall import volumes. COA expects the need to pick peaches before fully ripe and the care required to prevent bruises during shipping to provide some security to local growers and offset at least some of the cost advantages that overseas growers have in peach production. (Note: In Appendix 5, China does not meet Taiwan's current quarantine requirements for peach imports.)

F. Plums: WTO accession will open the market to suppliers beyond North America. Suppliers from many countries, including Southern Hemisphere exporters in Chile, Australia, and New Zealand as well as Europe, are expected to ship to Taiwan. The ability to supply the market year-round with imported, U.S.-type plums is expected to pose a significant challenge to local growers and U.S. dominance of the market. (Note: Chile, Australia, Europe and South Africa currently are barred from exporting plums due to pest concerns).

G. Apples: The U.S. and Canada were the only countries given unrestricted access to the Taiwan market prior to WTO accession. Other origins faced quantitative restrictions. Currently, imports account for 94% of apple sales. Sharp tariff reductions will make apples even more attractive to the consumer. Upon accession, Taiwan will grant unrestricted access to all WTO members. Imports of high quality Japan-grown Fuji apples are expected to increase significantly, although price considerations will likely limit their impact on the market. Apples from Southern Hemisphere growers Chile, New Zealand, Australia, and South Africa are expected to principally challenge U.S. market dominance in the off season when U.S. apples from controlled atmosphere storage come onto the market. Chinese apples will take at least two years to be approved for import due to the PRC's need to demonstrate the effectiveness of its codling moth control measures.

Trade Liberalization and Meat and Poultry Products

As Taiwan's current leading supplier of pork, pork offal, and chicken meat, U.S. suppliers should benefit most from WTO market opening measures. Sanitary concerns are likely to keep key competitors off the market for several years. However, the privileged tariff position of U.S. choice and prime beef will gradually be eroded as tariffs for all qualities of beef are equalized in 2004.

Upon WTO accession, the current global quotas for pork bellies, pork offal and chicken meat will be transformed into TRQs under System 1 (see Table 2 above) with the quota size unchanged, i.e. 6,160 mt for pork bellies, 10,000 mt for pork offal and 19,163 mt for chicken meat. Imports of beef offal will be liberalized upon accession. Imports of poultry offal are currently under strict import ban, but a TRQ for certain poultry offal will be established at a tariff rate of 25 percent upon WTO accession while imports of chicken feet, heart and liver will be liberalized. The quotas will increase and tariff rates decline through 2004 as detailed in Table 2 and, in 2005, imports will be liberalized.

Countries not currently approved to export meat products to Taiwan must formally apply for approval. The approval process requires bilateral negotiations and on-site inspections of production and processing facilities which, in total, can take several years to complete. Countries affected by foot-and-mouth disease must provide sufficient evidence that the disease has been eradicated in areas from which meat will be exported.

For pork, foot and mouth disease concerns are likely to keep competitive South Korean and Chinese products

off the Taiwan market for two-to-three years. For poultry, disease concerns will also deny near-term access for Brazil, China, and Thailand.

Taiwan agriculture officials anticipate that the local hog industry will not contract significantly in the immediate post-accession environment due to continuing quota controls and a relatively cost-competitive domestic industry (production costs are estimated at 1.2~1.7 times that of North American and European producers). To adjust for the open market in 2005, officials estimate domestic industry will shed another 15% off current production capacity (or around 1 million hogs). Contraction in domestic production and anticipated rise in consumption will result in increased import demand for pork meat and offal in the medium-term.

Post-WTO Access for People's Republic of China Agricultural Products

Mainland China acceded to the WTO on December 12, 2001. WTO membership will increase opportunities for agricultural trade between the two economies, which is currently severely restricted. However, it is not clear at this point how much Taiwan is willing to open up to PRC agricultural imports and whether Taiwan is planning to fully extend Most-Favored-Nation access to PRC exports.

For political and national security reasons, imports of PRC agricultural products are strictly controlled by the Taiwan authorities. Only certain agricultural commodities, which are approved by the authorities, can be imported indirectly (direct trade is not currently permitted). As of October 31, 2001, the list of PRC agricultural products permitted entry into Taiwan included 489 commodities, which represented 23 percent of the 2,092 Taiwan Customs categories that cover agricultural and food products (Chapter 1 to 24 in the Harmonized System of Tariff Nomenclature). The remaining products are prohibited entry. With its low prices, proximity to Taiwan and similar dietary habits, PRC agricultural and food products have strong market potential and thus pose a great threat to U.S. agricultural sales, especially of raw materials used by Taiwan food processors. The low prices of PRC products already encourage a sizeable amount of smuggling.

From Taiwan authorities' viewpoint, PRC agricultural products can basically be classified into three categories:

(1) Products that Taiwan strongly demands, but is unable to produce or source elsewhere. These products, such as Chinese herbal medicines, have been imported into Taiwan to meet the consumer demands. More products in this category will very likely be permitted entry regardless of the WTO accession or the status of the cross-strait relationship between China and Taiwan.

(2) Products which have sizeable domestic supply, but with a seasonal shortfall or high production prices. Farmers' livelihood relies heavily on these products, such as fresh vegetables, pork, poultry, variety meats, peanuts, red beans, garlic and forest mushrooms. Many of these products are normally considered "sensitive" and imports are currently banned. According to Taiwan's WTO commitments, imports of some will be subject to TRQs after WTO accession. Market access will be provided to WTO members which meet Taiwan's quarantine and food safety requirements. However, there are some indications that Taiwan may, at least initially, deny the PRC Most-Favored Nation access to these markets.

(3) Products whose demand is mainly supplied by imports, such as soybeans, corn, wheat and apples. As of WTO accession, imports from non-PRC sources will have free market access. Once permitted entry, imports from the Mainland, if price competitive, will very likely reduce U.S. market share. The most likely source of

immediate competition is from Chinese wheat and wheat foods. Major Taiwan food processors have already invested heavily in the Mainland and can produce cheaply for the Taiwan market. Initially, some products, like frozen meat-filled dumplings may face quarantine restrictions, but others, like instant noodles will quickly make market inroads. U.S. corn and soybeans should not face significant competition, although if the PRC government allows domestic corn prices to fall to near world market levels, the logistic advantages of small cargos from nearby Northeast China ports may encourage imports. As noted above, PRC apples must first overcome phytosanitary restrictions associated with codling moth.

In the past decade, the list of permissible agricultural products has gradually expanded at the request of local industry and consumers. It appears that Taiwan's post-WTO policy for agricultural imports is to maintain the status quo, regardless of WTO MFN principles. Taiwan is unlikely to grant full MFN privileges to the PRC until the Mainland takes the initiative to ask for it. Such a request may carry too much political baggage for the PRC, although recently Mainland officials have indicated that they will treat Taiwan as a fellow contracting partner in the WTO context and not treat trade relations between the two as "domestic" commerce.

In practice, Taiwan will continue to open its market for products in Category 1 at the request of local industry to meet its demand. Those in Category 2 will be placed at the bottom of the priority list. Taiwan authorities express the view that if the PRC demonstrates "good will" and "appropriate interaction," Taiwan will review and gradually liberalize imports of Category 3 products.

For meat and products, the PRC meat packing and food sanitation system must be approved by COA's Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ). With foot-and-mouth disease and Newcastle disease known to occur in China, it is unlikely that PRC meat and poultry products will be exported to Taiwan in the foreseeable future.

Taiwan is unlikely to start moving until China acknowledges the reality that Taiwan is an equal member of the WTO. If Beijing insists that any talks be conducted under the "One China" principle, a precondition unacceptable to Taiwan, market access for PRC agricultural products will likely be further deferred.

Useful Websites

Many of the Taiwan (.tw) websites are only in Chinese, but more and more English content is available.

<http://www.baphiq.gov.tw> for Taiwan quarantine requirements (English version available).

<http://www.wto.org> The WTO's website for adoption of Taiwan's WTO accession.

<http://www.docamof.gov.tw> for tariff reduction schedule (soon in English) and TRQ implementation measures.

<http://www.coa.gov.tw/policy/wto/6.htm> for estimates of WTO impact in Chinese only,

<http://www.ctoc.com.tw> for CTC's TRQ announcement in Chinese only.

<http://www.ustr.gov/releases/1998/02/98-x1.pdf> for the U.S.-Taiwan Bilateral WTO Accession Agreement.

Appendices

Appendix 1. Agricultural and Fishery Products Subject to Tariff Rate Quotas

Commodities	Current Rates (%)	TRQ Size (mt) & Tariff Rates (%)		Out-of-Quota Rates (%)	
		Accession	2004	Accession	2004
Peanuts & Products*	30%	2,618 mt/25%	5,235 mt/25%	In shell: NT\$49/kg; Shelled: NT\$75/kg	In shell: NT\$42/kg; Shelled: NT\$64/kg
Oriental Pears	50%	4,900 mt/18%	9,800 mt/18%	NT\$58/kg	NT\$49/kg
Sugar	25%; 35%	120,000 mt/ 12.5-17.5%	205,000 mt/ 12.5-17.5%	168%	143%
Garlic Bulbs	40%; 45%	1,844 mt/ For planting: 0%; For food: 22.5%	3,520 mt/ For planting: 0%; For food: 22.5%	For planting: 0%; For food: NT\$32/kg	For planting: 0%; For food: NT\$27/kg
Betel Nuts	35%	4,412 mt/17.5%	8,824 mt/17.5%	NT\$950/kg	NT\$810/kg
Chicken Meat & Products	40%	19,163 mt/25%	45,900 mt/20%	Drum sticks & wings: NT\$64/kg; Others: NT\$40/kg	Drum sticks & wings: NT\$54/kg; Others: NT\$34/kg
Liquid Milk	20%-40%	10,649 mt/15%	21,298 mt/15%	NT\$18.4/kg	NT\$15.6/kg
Meat Offal	35%-50%	Pork offal: 10,000 mt/25%; Poultry offal: 1,836.3 mt/25%	Pork offal: 27,500 mt/15%; Poultry offal: 3,672.6 mt/25%	Pork offal: 310%; Poultry offal: 400%	Pork offal: 265%; Poultry offal: 340%
Pork Belly	15%	6,160 mt/15%	15,400 mt/12.5%	60%	50%
Deer Velvet	45%	1.5mt/22.5%	5 mt/22.5%	800%	500%
Mackerel	37.5%-50%	4,522.5 mt/20% or NT\$6.2/kg whichever higher	7,537.5 mt/20% or NT\$6.2/kg whichever higher	101%	86%
Carangid	40-50%	1,308 mt/25%	3,271 mt/25%	106%	90%

Sardine	37.5-42.5% or NT\$81/kg	1,906.5 mt/20% or NT\$38.1/kg, whichever higher	3,813 mt/20% or NT\$38.1/kg, whichever higher	70%	60%
Red Beans	20%- 50%	1,500 mt/22.5%	2,500 mt/22.5%	NT\$26-27/kg	NT\$22/kg
Dried Forest Mushroom	50% or NT\$221/kg	115 mt/25% or NT\$110/kg, whichever higher	288 mt/25% or NT\$110/kg, whichever higher	NT\$434/kg	NT\$369/kg
Shaddocks	50%	1,720 mt/25%	4,300 mt/25%	216%	184%
Dried Longan	30%	110 mt/15%	330 mt/15%	NT\$103/kg	NT\$88/kg
Coconuts	50% or NT\$3/kg	8,000 mt/15% or NT\$0.9/kg, whichever higher	10,000 mt/15% or NT\$0.9/kg, whichever higher	161%	120%
Bananas	25%	5,335 mt/12.5%	13,338 mt/12.5%	134%	100%
Pineapples	30%	9,548 mt/15%	23,870 mt/15%	204%	173%
Mangoes	50%	5,120 mt/25%	12,755 mt/25%	71%	60%
Persimmons	50%	576 mt/25%	1,440 mt/25%	144%	122%
Dried Day Lilies	37.5%	40 mt/22.5%	101 mt/22.5%	NT\$68/kg	NT\$58/kg

Source: Council of Agriculture

Exchange Rate: Approximately NT\$34.6 = US\$1 in December 2001

Appendix 2. Quota Allocation under System 1 ("Apply-First, Allocate-First") in 2002

Products	2002 Quota Size (MT)	Maximum Amt. 1/ (MT)	Minimum Amt. 2/ (MT)	Total Slots 3/
Chicken Meat	19,163	3,832	25	766
Pork Belly & Other Pork Cuts	6,160	1,232	25	246
Pork Offal	10,000	2,000	25	400
Poultry Offal	1,836.3	367	25	73
Deer Velvet	1,500 kg	300 kg	50 kg	30
Oriental Pears	4,900	980	20	245
Bananas	5,335	1,067	20	266

1/ The maximum amount is 20% of the quota size.

2/ The minimum amount is the minimum commercial shipment as determined by the Customs Administration in consultation with importers.

3/ The maximum number of slots is determined by dividing the total quota by the minimum shipment size. If the number of qualified quota applicants equals or exceeds the number of slots, then the minimum shipment size is used.

Source: Customs Administration, Ministry of Finance

Appendix 3. Quota Allocation under Systems 2 and 3 ("Auction for Tariff Quota Rights") in 2002

Products	Allocation Mechanism	Quota Size (MT)	Maximum Amount (MT)	Minimum Amount (MT)
Red Beans	Auction, Once A Year	1,500	300	20
Liquid Milk	Auction, Once A Year	10,649	2,129	250
Peanuts	Auction, Once A Year	2,618	523	14
Garlic Bulbs	Allocate Aug-Dec	1,844	368	12
Dried Forest Mushroom	Allocate Jan-Mar	60	12	3
	Allocate Oct-Dec	55	11	
Dried Day Lily	Allocate Jan-Apr	20	4	3
	Allocate Sep-Dec	20	4	
Coconut	Allocate Jan-Feb	2,000	400	20
	Allocate Aug-Dec	6,000	1,200	
Betel Nuts	Allocate Feb-Jun	4,412	882	15
Pineapples	Allocate Jan-Apr	3,548	709	15
	Allocate Aug-Dec	6,000	1,200	
Mangoes	Allocate Jan-Apr	3,120	624	11
	Allocate Oct-Dec	2,000	400	
Shaddock	Allocate Jan-Jun	1,720	344	15
Persimmons	Allocate Jan-Jun	576	115	14
Dried Longan	Allocate Jan-Jun	110	22	15
Sugar	Allocate Jan-Jun	60,000	12,000	20
	Allocate Jul-Dec	60,000		
Mackerel	Allocate Jan-Dec	4,522.5	904	8
Carangid	Allocate Jan-Dec	1,308	261	8
Sardine	Allocate Jan-Dec	1,906.5	381	8

Source: Customs Administration, Ministry of Finance

Appendix 4. Agricultural Commodities to Be Liberalized upon Accession

Commodity	Current Restriction	Current Tariff Rates (%)*	Tariff Rates (%)***	
			Upon Accession	2002
Longan	Banned	10%	20%	17%
Litchee	Banned	10%	20%	17%
Potatoes	Controlled (5,000 mt annual quota to the U.S.)	Food use: 25% Seed use: 15%	Food use: 22.5% Seed use: 0%	Food use: 20% Seed use: 0%
Oranges	Area restriction**	Mar to Sep: 25% Oct to Feb: 50%	Mar to Sep: 25% Oct to Feb: 40%	Mar to Sep: 20% Oct to Feb: 30%
Lemon	Area restriction**	Jan to Sep: 25% Oct to Dec: 50%	Mar to Sep: 20% Oct to Feb: 40%	Mar to Sep: 15% Oct to Feb: 30%
Grapefruit	Area restriction**	Jan to Sep: 25% Oct to Dec: 50%	Mar to Sep: 20% Oct to Feb: 40%	Mar to Sep: 15% Oct to Feb: 30%
Grapes	Area restriction**	42.5%	35%	20%
Peaches	Area restriction**	50%	40%	20%
Plums	Area restriction**	35%	35%	20%
Apples	Area restriction**	50%	40%	20%
Papaya	Controlled	50%	35%	25% (deferred to 2004)
Other Mandarins	Area restriction**	50%	40%	30%, 35%
Other Citrus	Area restriction**	50%	42.5%	42.5%
Guava	Controlled	50%	40%	35%
Whole Duck	Area restriction**	35%	35%	30%
Duck Parts	Controlled	35%	35%	35%
Turkey Parts	Area restriction**	10%	10%	fresh/chilled: 10%; frozen: 8.5%
Squid	Controlled	42.5% or NT\$15/kg whichever higher; 50% or NT\$219/kg whichever higher	40% or NT\$15/kg whichever higher; 50% or NT\$219/kg whichever higher	40% or NT\$15/kg whichever higher; 50% or NT\$219/kg whichever higher

Source: Council of Agriculture

Notes:

* Current tariff rates are permanent rates. Temporary tariff reductions implemented under administrative orders are not taken into account. The temporary reduction includes grapefruit Jan-Sept arrival (cut to 20%), grapes (to 38%), apples (to 40%), pears (to 30%) and peaches (to 40%) which were put in effect on July 15, 1998 as part of Taiwan's pre-WTO accession commitments.

** Imports from the U.S. are currently permitted while imports from non-U.S. sources are normally banned entry or subject to quotas.

*** Because of the delay in Taiwan's WTO accession, the "upon accession" reductions, which Taiwan committed several years ago with an expectation of WTO accession by 2000, will be lowered to the 2002 levels when Taiwan actually accedes to WTO on January 1, 2002.

Appendix 5. Current Quarantine Restrictions on Products which COA Anticipates will be Significantly Impacted by WTO Accession

Product	Potential Suppliers	Meets Current Quarantine Requirements?	Reason Why Supplier does not meet Current Quarantine Requirements.
Rice	United States Australia China Vietnam Thailand Japan	Yes (all)	
Sugar	Brazil India Thailand Cuba Vietnam	Yes (all)	
Asian Pear	Japan South Korea New Zealand China	Yes (all)	Requires a phytosanitary certificate (PC) that the products have been inspected and found free of fire blight and/or codling moth.
Peach	China	No	China is a designated zone of guava fruit fly infestation. Imports of peaches are banned. Once China applies for pest-free status, it will take at least 3 years to complete the process and be eligible to export.
Apples	China	Yes	As China is a designated zone of codling moth infestation. Imports will be possible only after growing areas and packing houses are inspected and cleared by BAPHIQ. Process is expected to take at least 2 years.
Garlic	China	Yes	China is a designated zone of stem nematode infestation. Exports of garlic must be inspected and found free of this pest.
Potatoes	United States Canada	Yes	U.S. table potato exports restricted to states of Alaska, Oregon, Washington, Idaho, and California. Seed potato exports restricted to Alaska. Canadian table potato exports restricted to New Brunswick, Quebec, and PE Island. Phyto Certificates attesting to golden nematode, stem nematode free status required.
	Australia	Yes	Phyto certifying stem nematode-free inspection or pre-export fumigation required.

	China EU	No	China and the EU (except Albania and Greece) are designated zones of potato wart infestation and thus exports to Taiwan are forbidden. Once they apply for pest-free status, it will take at least five years to obtain.
Peanuts	China	Yes	China is a designated zone of stem nematode infestation. Therefore, peanuts must be inspected and found pest-free or fumigated prior to export.
	Vietnam Thailand United States	Yes / No	Designated burrowing nematode zones. Only dried peanuts are permitted from these countries.
Adzuki (red) Beans	China Thailand Australia Argentina United States	Yes	
Vegetables	China	Yes	China is a designated stem nematode and potato blight zone. All exports of vegetables of the <i>cruciferae</i> family require a PC a stem nematode free AD. Carrots must be inspected or fumigated.
	Vietnam Indonesia Thailand Philippines	Yes / No	Imports of carrots are banned for burrowing nematode concerns and pest-free recognition takes at least five years. All underground (root, etc.) components of <i>cruciferae</i> vegetables must be removed prior to export. A phyto with stem nematode AD or fumigation required.
Offshore & Coastal Ocean Fish	China	Yes	Imports of salmonids, perches, catfish, and ciprinids are subject to quarantine. Department of Health tests for cholera.
Oysters & clams	China	Yes	Department of Health tests for cholera.
Farm Fish	Canada	Yes	Imports of salmonids, perches, catfish, and ciprinids are subject to quarantine. Department of Health tests for cholera.
Beef & Beef Offal	Australia United States Canada Panama New Zealand Sweden	Yes	Only approved packing plants may supply to Taiwan. (Note: Due to veterinary health concerns, Sweden has been temporarily suspended from this list)

	Argentina Paraguay China Japan Netherlands UK	No	Foot & Mouth Disease (FMD) and other relevant diseases. If China applies for FMD-free status, COA estimates that it will take <i>at least</i> 3 years to review the application. It will take at least 1 year to the review the FMD-free application for other countries.
Lamb & Lamb Offal	Australia United States Canada New Zealand Sweden	Yes	Only approved packing plants may supply to Taiwan. (Note: Due to veterinary health concerns, Sweden has been temporarily suspended from this list)
	China France Paraguay Argentina Netherlands UK	No	Foot & Mouth Disease (FMD) and other relevant diseases. If China applies for FMD-free status, COA estimates that it will take <i>at least</i> 3 years to review the application. It will take at least 1 year to the review the FMD-free application for other countries.
Pork & Pork Offal	United States Canada Australia Denmark Sweden	Yes	Only approved packing plants may supply to Taiwan. (Note: due to veterinary health concerns, Sweden has been temporarily suspended from this list)
	China South Korea Netherlands	No	Foot & Mouth Disease (FMD) and other relevant diseases. If China applies for FMD-free status, COA estimates that it will take <i>at least</i> 3 years to review the application. It will take at least 1 year to the review the FMD-free application for other countries..
Deer Antler	Australia United States New Zealand	Yes	
	China	No	Foot & Mouth Disease (FMD) and other relevant diseases. If China applies for FMD-free status, COA estimates that it will take <i>at least</i> 3 years to review the application.
Poultry & Poultry Offal	United States Canada Australia	Yes	Only approved packing plants may supply.

	Thailand Brazil China	No	Thailand and Brazil designated Newcastle Disease zones. China designated as a Highly Pathogenic Avian Influenza and Newcastle Disease zone. COA anticipates earliest possible country approval for imports of poultry in 3 years' time if a country eradicates the disease or Taiwan accepts regionalized supply from approved plants..
Duck Meat	United States	Yes	
	Thailand China	No	Reasons same as for Poultry & Poultry Offal
Eggs & Egg Products	United States Australia Canada Spain	Yes	
	China Italy Thailand Japan Brazil Germany France Belgium Netherlands Denmark Sweden	Yes / No	Reasons same as for Poultry & Poultry Offal. Exports of Salted and 1,000 year-old eggs permitted.
Fluid Milk	Australia United States New Zealand	Yes	Fresh milk quarantine requirements are the same as products of the animal. Processed milk is not subject to quarantine.
	Netherlands UK France China	Yes / No	Fluid milk prohibited due to FMD concerns. Processed milk permitted.
Goat Milk	Australia United States New Zealand	Yes	Fresh milk quarantine requirements are the same as products of the animal. Processed milk is not subject to quarantine.
	France Japan S Korea China	Yes / No	Fluid milk prohibited for FMD concerns. Processed milk permitted.

Source: Council of Agriculture, translated by AIT ATO and AGR.